Transforming the Consumer Health Care Experience

CVS Health
Cautionary Statement Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of CVS Health Corporation. By their nature, all forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons as described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled “Cautionary Statement Concerning Forward-Looking Statements” in our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q.
Agenda

Transforming the Consumer Health Experience

Roadmap for Value Creation
Challenges in Today’s Health Care System Lead to Inferior Outcomes and Increased Costs

Current System

- FRAGMENTED
- COMPLEX
- EPISODIC
- WASTEFUL

Increased costs

Inferior outcomes

Current system is unsustainable and in need of transformation
Transforming the Consumer Experience Begins With Creating a New Front Door to Health Care

System needs to be redesigned with a focus on consumers
Three Priorities Guide How Health Care Consumer Engagement Is Transformed …

... and guide our strategies for medical cost savings

1. Be Local
   - Common Chronic Disease Management
   - Readmission Prevention

2. Make it Simple
   - Site of Care Management
   - Optimize Primary Care

3. Improve Health
   - Complex Chronic Disease Management
CVS Health Is Uniquely Positioned to Address Medical Cost Savings Opportunities

Unmatched connections to the consumer ... at the center
Unmatched Connections Allow CVS Health to Engage With Patients in Their Existing Routines …

1/3 of Americans interact with CVS Health annually

75% of U.S. within five miles of a CVS Pharmacy

4.5M customers visit CVS Pharmacy every day

45K clinical professionals across enterprise

69M patients enrolled in text messaging

400+ health plans supported by CVS Health

Data & analytics capabilities from CVS & Aetna enable next best health action
... and to Effectively Address Opportunities For Medical Cost Savings

- **Common Chronic Disease Management**
  - $2.1 Trillion
    - Medical spending for patients with one or more chronic conditions

- **Readmission Prevention**
  - $40 Billion
    - Estimated annual cost of hospital readmissions, of which up to 79% are avoidable

- **Site of Care Management**
  - $1.9 Billion
    - Additional healthcare spending for 7 common services when performed in a hospital outpatient department instead of a doctor’s office

- **Optimize Primary Care**
  - $7 Billion
    - Potential reduction in annual Medicare spending when complex patients use a PCP instead of a specialist as their main provider

- **Complex Chronic Disease Management**
  - $1 Trillion
    - Estimated annual cost to treat Americans with 5 or more chronic conditions

Sources:
1. "Multiple Chronic Conditions Chartbook," Jessie Gerteis et al., AHRQ, 2014
# Potential to Deliver Significant Medical Cost Savings

<table>
<thead>
<tr>
<th>Total medical spending in the U.S.</th>
<th>$2.4 trillion(^1)</th>
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<tbody>
<tr>
<td>Estimated spending for chronic disease</td>
<td>$2.1 trillion</td>
</tr>
<tr>
<td>Estimated spending that is preventable</td>
<td>$500 billion</td>
</tr>
<tr>
<td>Savings potential through initiatives</td>
<td>$25 to $100 billion</td>
</tr>
</tbody>
</table>

5% to 20% savings potential through initiatives

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Sources:
1. CMS. National Health Expenditures (figures as of 1/8/2018). Total medical spending equals health consumption expenditures minus retail sales of medical products, including prescriptions, government administration, net cost of health insurance and government public health activities.
2. “Multiple Chronic Conditions Chartbook,” Jessie Gerteis et al., AHRQ, 2014.
Multiple Levers of Value Creation Allow CVS Health to Accelerate Enterprise Growth

- **Medical Cost Savings**
- **Membership Growth**
- **Expanded Customer Value Through CVS Assets**
- **Increased Customer Satisfaction and Retention**
- **Open Platform Allows for Broad Partnerships**

Value creation to deliver top- and bottom-line growth
Enterprise Growth Is Self-Sustaining

1. Improve consumer engagement
2. Improve health outcomes
3. Lower total health care costs
4. Improve profitability
5. Generate capital for deployment
6. Reinvest in business to drive membership
Agenda

Transforming
the Consumer
Health Experience

Roadmap
for Value
Creation
Clear Line of Sight to Deliver More Than $750 Million of Synergies in Year Two

$750 Million +

Business Integration
- Plan design
- Specialty / Coram / PBM Operations / Other

General and Administrative
- Vendor contracting
- Streamline corporate functions

Medical Cost Savings
- Improve adherence and close gaps in care for patients with chronic diseases
- Optimize existing programs in readmission prevention
- Site of care management

Synergies achievable utilizing existing assets and capabilities
Strategic Priorities for Long-Term Value Creation

- Driving Revenue Growth
- Creating New Health Care Programs
- Simplifying the Patient Journey
Opportunity to Grow Revenue Through Increased Membership and Product Sales

- Grow medical membership and improved retention through lower medical cost trend
- Increase Medicare Advantage enrollment and optimize Star Rating performance
- Create open platform to sell new medical cost savings programs to other health plan partners
- Introduce new insurance models focused on preventive care and wellness

CVS Health
Strategic Priorities for Long-Term Value Creation

- Driving Revenue Growth
- Creating New Health Care Programs
- Simplifying the Patient Journey

Long-Term Value Creation
## Portfolio of Initiatives to Drive Significant Post-Year Two Medical Cost Savings

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Chronic Disease Management</td>
<td>Gap closure, adherence and assistance with care management plans to improve health outcomes for chronic patients</td>
</tr>
<tr>
<td>Readmission Prevention</td>
<td>Integrate CVS and Aetna clinical programs with our expansive community presence to support patients during and after discharge</td>
</tr>
<tr>
<td>Site of Care Management</td>
<td>Increase utilization lower-cost sites of care, including home infusion, where appropriate and prevent unnecessary ER visits</td>
</tr>
<tr>
<td>Optimize Primary Care</td>
<td>Expand scope of MinuteClinic services to help with early identification and management of chronic disease</td>
</tr>
<tr>
<td>Complex Chronic Disease Initiatives</td>
<td>New oncology product, cardiovascular disease interventions and chronic kidney disease management</td>
</tr>
</tbody>
</table>
Strategic Priorities for Long-Term Value Creation

- Driving Revenue Growth
- Creating New Health Care Programs
- Simplifying the Patient Journey
Introducing New Concept Stores to Simplify Patient Journey

Purpose
• New retail health engagement model to bring more services to consumers in a:
  − more convenient,
  − more accessible,
  − more customer-focused manner

Strategy
• Clinical services in-store, including additional screening and nutritional counseling
• Digital tools to support customer progress outside the store
• Curated assortment of front store items

Identify
• Targeting concentrations of Aetna and other health plan membership
• Populations with high prevalence of chronic disease
• Areas lacking sufficient access to primary care physicians

Initial concept stores will focus on chronic disease
Overview of Concept Store Design
Costs Associated With Broader Expansion of Service Offerings Will Be Manageable

**Capital Expenditures**
- Combined CVS & Aetna pro forma annual capital expenditures of ~ $2.6 billion

**Impact on Front Store**
- Potential to allocate up to 20% of space to health care service offerings by scaling back on underperforming categories/products while scaling up new categories

**Operating Expenses**
- Incremental store personnel expected to support margin-enhancing expanded care navigation and clinical services

**Cost of renovations within existing capital expenditure framework**
Simplifying the Patient Journey for Joint Replacements

Current patient journey lacks necessary support

- Patient initiates elective knee replacement
- Uncoordinated post-op support for patient
- Time-delayed and usually uncoordinated follow up post op
- Limited communication prior to operation
- Patient provides transportation

CVS: Providing support along entire patient journey

- Patient initiates elective knee replacement
- CVS provides health care services & products
- Post-op support includes med reconciliation & delivery, household services, etc.
- Courtesy communication to arrange transportation, DME, blood work, post-op support
- CVS coordinates transportation
• Continues evolution of CVS Health to play larger role in health care system and better address patient challenges

• Clear line of sight to >$750 million in synergies in year two after transaction closes

• Creates platform to introduce new programs and services aimed at reducing medical costs to grow membership and enhance revenues
Overview of Key Transaction Terms

| Purchase Price | • Equity value of $70 billion. Including the assumption of Aetna debt, total transaction value of $78 billion  
• Approximately $212 per Aetna share in cash and stock, comprised of $145.00 in cash and 0.8378 in CVS shares per AET share |
| Ownership | • CVS shareholders will own ~ 79% of combined company  
• AET shareholders will own ~ 21% of combined company |
| Management & Board of Directors | • Aetna will operate as a stand-alone business unit led by Karen Lynch  
• Four of Aetna’s directors added to CVS Health board of directors: Fernando Aguirre, Mark Bertolini, Roger Farah and Edward Ludwig |
| Closing | • Transaction completed on November 28, 2018 |
Debt Maturity Schedule

$40 billion of new financing to fund Aetna transaction